



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 1, 2008

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPLICATION HOSTING AND
PROFESSIONAL SERVICES CONTRACT AMENDMENT FOR THE RESIDENT
PHYSICIAN INFORMATION SYSTEM
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

Request approval of Amendment No. 1 to extend the term of an existing Agreement with Verinform Systems, Inc., for application hosting of the web-based Resident Physician Information System.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Interim Director of Health Services, or his designee, to sign Amendment No. 1 to Agreement No. H-702120, substantially similar to Exhibit I, to extend the term of the Agreement by 24 months effective upon Board approval through July 31, 2010, for continued hosting of Verinform's web-based Resident Physician Information System (RPIS) and receive related training and support services. This Amendment increases the maximum contract obligation by \$98,800, for a total maximum contract obligation of \$197,600.

Board of Supervisors
GLORIA MOLINA
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Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to ensure continued uninterrupted availability of the Department of Health Services (DHS) web-based RPIS and provide on-line access to track 91 Los Angeles County resident physician training programs. The RPIS aids in meeting the accreditation requirements set forth by the Accreditation Council for Graduate Medical Education.

DHS has explored in-house application hosting and hosting with the Internal Services Department against the cost of contracted services. In-house hosting would require many hours of preparation: the acquisition of hardware for each facility, configuration and testing at each site with the allocation of qualified staff, technicians and security experts at Harbor, LAC+USC and Olive View. Currently, DHS does not have the technical capability to host this application in-house. The cost for Verinform to host this application over the internet is far less than the cost of acquiring technical systems management staff and in-house resources.

The current Agreement with Verinform is scheduled to expire on July 4, 2008.

Implementation of Strategic Plan Goals

This action supports Goal 3, Organization Effectiveness, of the County Strategic Plan by implementing standard technology components for facilitating electronic information-sharing.

FISCAL IMPACT/FINANCING

This Amendment increases the maximum contract obligation by \$98,800, consisting of \$84,000 for hosting services and \$14,800 for training and traveling expenses, for a total maximum contract obligation of \$197,600.

Funding is included in Health Services Administration's Fiscal Year (FY) 2008-09 Proposed Budget and will be requested in future FY, if necessary.

FACTS AND PROVISIONAL LEGAL REQUIREMENTS

In July 2004, DHS purchased Verinform's web-based RPIS under Purchase Order No. Q42469, effective through July 31, 2009. At the time DHS acquired the RPIS, Verinform agreed to host the web-based application from its Oregon headquarters to ensure a timely installation and allow time for DHS to host the RPIS in-house.

Honorable Board of Supervisors
July 1, 2008
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As a result of DHS' insufficient in-house technical capability to host the RPIS, your Board approved an agreement with Verinform on July 5, 2006 effective through July 4, 2008 to provide hosting services, related training and support.

The RPIS captures and manages physician residency and graduate medical education requirements, such as, schedules, rotations, procedures, evaluations and tracks duty hours for each of the 91 department-wide residency programs. The RPIS also tracks non-County resident rotations and has given the County a better tool to recover Medicare payments.

The RPIS is used by approximately 2,500 employees, including residency program staff, resident physicians, attending physicians and graduate medical education staff, of which, the RPIS tracks the activities of 1,700 resident physicians and fellows. DHS is responsible for providing ongoing training to new resident physicians and anticipate an increase in the number of resident physicians tracked by the system.

The resident evaluation module of the RPIS is the most used module and is currently at or near full utilization. The attending physicians use the resident evaluation module to evaluate the performance of their resident physicians.

The RPIS is accessible from any location via the internet. Verinform hosts the RPIS at their office in Oregon and continued system hosting services are vital in order to provide a sound hardware platform to support the application software. Additionally, Verinform's hosting rates are comparable to other vendors that have existing agreements with the County.

County Counsel has approved Exhibit I as to form.

Attachment A includes the Chief Information Officer's concurrence with the Department's recommendation.

CONTRACTING PROCESS

In April 2004, DHS posted a Request for Proposals (RFP) to solicit services from any vendor qualified to bid. Two vendors responded to the RFP, including Verinform, the other agency failed to meet the staffing and technological requirements needed for a successful implementation. As a result of the RFP, DHS purchased Verinform's RPIS in July 2004.

On July 5, 2006, your Board approved an agreement with Verinform effective through July 4, 2008 to provide hosting services, related training and support.

DHS did not advertise the proposed Amendment to the Agreement on the Office of Small Business' countywide website as a contracting opportunity, since the Agreement is for the continued provision of services, requiring specialized knowledge of the proprietary software, which the current vendor is uniquely qualified to perform.

The Department has evaluated and determined that the Living Wage Program (County Code, chapter 2.201) does not apply to the recommended agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your Board's approval of the recommended action will ensure continuous, uninterrupted use of the RPIS application. When full utilization is achieved, the RPIS will support expenditure management efforts to reclaim revenue lost annually due mainly to human error. This amount once reclaimed will more than cover the annual cost of the Verinform hosting application system plus future related maintenance and training costs.

CONCLUSION

When approved, DHS requires three copies of the Board's Action.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

Reviewed by:



Richard Sanchez
Interim Chief Information Officer

WTF:SRH:SAS
MLM:LT:yb

Attachments (2)

c: County Counsel
Interim Director, Department of Health Services
Interim Chief Information Officer

CIO ANALYSIS

AMENDMENT NO. 1 TO THE DEPARTMENT OF HEALTH SERVICES' AGREEMENT WITH VERINFORM SYSTEMS, INC. FOR HOSTING SERVICES FOR THE RESIDENT PHYSICIAN INFORMATION SYSTEM (RPIS)

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
 ☐ **DISAPPROVE**

Contract Type:

☐ **New Contract** ☒ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract** ☐ **Hardware Acquisition** ☐ **Other**

New/Revised Contract Term: **Base Term:** 2 Yrs. **# of Option Yrs:** 0

Contract Components:

☐ **Software** ☐ **Hardware** ☐ **Telecommunications**
☒ **Professional Services**

Project Executive Sponsor: John F. Schunhoff, PhD., Interim Director, DHS

Budget Information :

Y-T-D Contract Expenditures	\$ 98,800
Requested Contract Amount	\$ 98,800
Aggregate Contract Amount	\$197,600

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved.

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The Department of Health Services (DHS) is requesting Board approval of Amendment No. 1 to the Department's current Agreement with Verinform Systems, Inc. (Verinform) for application hosting of the web-based Resident Physician Information System (RPIS). The hosting service performed by Verinform provides access to RPIS via the Internet to over 2,500 DHS users.

This Amendment will extend the current Agreement for an additional 24 months, through July 31, 2010, at an additional contract amount of \$98,800.

Under this Amendment, Verinform will provide the following services:

1. Continue to host the web-based RPIS for DHS and provide on-line access to track Los Angeles County resident physician training programs; and
2. Provide professional services, phone support and training for DHS staff.

Background:

In July 2004, through a competitively bid procurement process, DHS purchased the web-based RPIS together with application hosting services from Verinform. RPIS is used by DHS to capture and manage physician residency and graduate medical education requirements, schedules, rotations, procedures, evaluations and tracks duty hours for each of the 91 department-wide residency programs. The system also tracks outside resident rotations, providing DHS with an effective tool to recover Medicare payments.

RPIS is currently used by approximately 2,500 DHS employees including residency program staff, resident physicians, attending physicians and graduate medical education staff. The system also tracks the activities of 1,700 resident physicians and fellows, which is necessary in order for DHS to maintain their Accreditation Council for Graduate Medical Education (ACGME) requirements. RPIS is accessible from any location via the Internet. Continued system hosting services are vital in order to provide a sound hardware platform to support the application software.

Project Justification/Benefits:

Verinform RPIS application hosting charges are comparable rates to other vendors that have existing application hosting agreements with the County. DHS represents that they currently do not have the technical capability to host this application in-house and that they determined that Verinform costs are far less than the cost of acquiring technical systems management staff and in-house resources to either host it themselves or have the County's Internal Services Department (ISD) host the RPIS application.

Project Metrics:

This Agreement is for hosting the existing web-based RPIS and the metric is that the system will continue to operate reliably and cost-effectively.

Impact on Service Delivery or Department Operations if Proposal Is Not Approved:

The Board's approval of the recommended action will ensure continuous, uninterrupted use of the RPIS application. Currently, DHS is using approximately 60% of the RPIS features and as a component of this Agreement will be receiving training from Verinform on the use of the remaining features. When full utilization is achieved, the system will support DHS Expenditure Management efforts to re-claim revenue from outside resident rotations lost annually due mainly to human error. This amount, once re-claimed, will more than cover the annual cost of the Verinform hosting application system, plus future related maintenance and training costs.

Alternatives Considered:

No other alternatives were considered. DHS selected Verinform to ensure continued online access to RPIS without interruption and for Verinform's extensive knowledge in servicing, supporting and upgrading RPIS, which is a proprietary software product of Verinform.

Project Risks:

None.

Risk Mitigation Measures:

None.

Financial Analysis:

This Amendment increases the Agreement maximum obligation by \$98,800 for a total County maximum obligation of \$197,600 over the six-year life of this Agreement. Funding for this Amendment is included in Health Services Administration's Fiscal Year 2008-09 Final Budget.

CIO Concerns:

None.

CIO Recommendations:

The Chief Information Office (CIO) recommends Board approval of this Amendment.

CIO APPROVAL

Date Received: May 27, 2008

Prepared by: Earl Bradley

Date: 6/10/2008

Approved: 

Date: 6/10/2008

Contract # H-702120-1

**AMENDMENT NUMBER ONE TO AGREEMENT FOR
APPLICATION HOSTING SERVICES FOR THE DEPARTMENT OF HEALTH
SERVICES**

THIS Amendment Number One (this "Amendment") to that certain County Agreement H-702120 for Application Hosting Services for the Department of Health Services dated July 5, 2006 (the "Agreement") is made and entered into this _____ day of _____, 2008, by and between the County of Los Angeles ("County") and Verinform Systems, Inc. ("Contractor").

WHEREAS, it is the intention of the parties to amend Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and County hereby agree to amend Agreement as follows:

1. Paragraph 5 (Term) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 5 (Term):

"5. TERM:

The term of this Agreement shall commence upon execution and shall continue in full force and effect for four (4) years, through July 31, 2010."

2. The first full paragraph of Subparagraph 8.1 (General) of Paragraph 8 (Contract Sum) of the Agreement is hereby deleted in its entirety and is replaced by the following new paragraph:

"The Contract Sum under this Agreement shall be the total monetary amount payable by COUNTY to CONTRACTOR for supplying all the Tasks, subtasks, Deliverables, goods, services and other work requested and specified under this Agreement. All work completed by CONTRACTOR must be approved in writing by COUNTY. If COUNTY does not approve work in writing, no payment shall be due to CONTRACTOR for that work. The Contract Sum, including all applicable taxes, authorized by COUNTY hereunder shall not exceed forty nine thousand four hundred dollars (\$49,400.00) for the one-year term of this Agreement. The total maximum Contract Sum shall not exceed One Hundred Ninety Seven Thousand and Six Hundred Dollars (\$197,600.00) over the four-year term of this Agreement.

3. Exhibit B (Schedule of Payments) to the Agreement is hereby deleted in its entirety and is replaced with a new Exhibit B (Schedule of Payments), a true and correct copy of which is attached hereto and incorporated herein by this reference.

4. In all other respects, the Agreement, as amended under this Amendment Number One, shall remain in full force and effect.

In WITNESS WHEREOF, the undersigned have duly executed this Amendment
on the day, month, and year first above written.

COUNTY OF LOS ANGELES

CONTRACTOR
Verinform Systems, Inc

By _____
John F. Schunhoff
Interim Director
Department of Health Services

By _____
Name: David Melamed
Title: Chief Executive Officer

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.

By _____
Jose Silva
Principal Deputy County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION"

Department of Health Services

By _____
Cara O'Neil
Chief, Contracts and Grants Division

Exhibit B

Payment Schedule

The prices set forth for Verinform Hosting Services are as follows:

I. Annual Payments for hosting:

Payment Year	Payment Amount
2006 - 2007	\$42,000
2007 - 2008	\$42,000
2008 - 2009	\$42,000
2009 - 2010	\$42,000

Upon execution of the Agreement and approval by Project Director of hosting services implementation, CONTRACTOR will submit an annual invoice for 2006 for \$42,000.

Thereafter, if an extension is elected by CONTRACTOR and hosting services are acceptable to COUNTY; subsequent invoices for \$42,000 for the following years 2007, 2008 and 2009 may be submitted by CONTRACTOR.

Payment for four years of hosting services is not to exceed \$197,600 over the term of this Agreement.

II. Additional Training: \$20,000

\$85.00 per hour for consulting services and/or end-user training; not to exceed \$20,000.

III. Travel Expenses: \$9,600

Vendor expenses for travel related to train COUNTY staff and/or system maintenance for system interfaces and/or COUNTY staff training/travel expenses that will conform to the Los Angeles County Auditor-Controller Guidelines for Travel and will not exceed \$9,600.

TOTAL CONTRACT SUM: \$197,600.00